

State of Michigan
FAMILY INDEPENDENCE AGENCY

M E M O R A N D U M

To: Jerome Rutland, Director
Wayne County Operations
Field Operations Administration

Date: October 1, 1999

From: Rita Barker, Director
Office of Internal Audit

Subject: Audit of the Glendale/Trumball District, Wayne County FIA
Audit # 98-244
Period: 10/1/98 through 5/14/99

The Office of Internal Audit performed an audit of the Glendale/Trumball District, Wayne County FIA for the period October 1, 1998 through May 14, 1999. The objectives of our audit were to determine if internal controls in place at the district office provide reasonable assurance that department assets are safe guarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. The Glendale/Trumball District had 106 full time equated positions (FTE's) at the time of our review. The District provided assistance to an average 14,620 recipients per month during FY 1998, with total assistance payments of \$27,140,031 during that year

Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at the Glendale/Trumball District, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems:

Client Processing	CIS
Cash Disbursements	Cash Receipts
General Ledger	Safe & Controlled Documents
Medical Transactions	IRS Information Security
Accounts Receivable	ENP/SER Program
Telephone Usage	

Based on our audit, we concluded that the Glendale/Trumball District's internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization.

However, we noted one instance of noncompliance with FIA policies and procedures, which is detailed below:

Monitoring for Personal Long Distance Calls

The Glendale/Trumball District did not routinely review the long distance telephone bill for personal calls made by employees. We noted that during the month of April, 1999 there were several long distance calls on the telephone bill that were not accounted for by employees. FIA Administrative Handbook Item 200.3 states that employees are prohibited from using the State telephone system to place personal long distance telephone calls, and that it is the responsibility of each local/district office manager to monitor the telephone calls placed by their employees. Offices that do not receive detailed information on long distance calls by extension are required to keep a Telephone Log (FIA-1462) for this purpose.

WE RECOMMEND that the Glendale/Trumball District office manager review the long distance telephone bill each month to ensure that all calls are business related.

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